

§ 105-129.56. (Repealed effective for taxable years beginning on or after January 1, 2014)

Interactive digital media.

(a) **IDM Defined.** – Interactive digital media is a product that meets all of the following requirements:

- (1) It is produced for distribution on electronic media, including distribution by file download over the Internet.
- (2) It contains a computer-controlled virtual universe with which an individual who uses the program may interact in order to achieve a goal.
- (3) It contains a significant amount of at least three of the following five types of data: animated images, fixed images, sound, text, and 3D geometry.

(b) **Credit.** – A taxpayer that develops in this State interactive digital media or a digital platform or engine for use in interactive digital media is allowed a credit equal to a percentage of the taxpayer's expenses that exceed fifty thousand dollars (\$50,000) and that are paid during the taxable year in developing the media, platform, or engine. The percentage that applies to the expenses is determined under subsection (c) of this section. The expenses to which the credit applies are as follows:

- (1) Compensation and wages for a full-time job on which withholding payments are remitted to the Department under Article 4A of this Chapter.
- (2) Employee fringe contributions on compensation and wages included under subdivision (1) of this subsection, including health, pension, and welfare contributions.
- (3) Amounts paid to a participating community college or a research university for services performed in this State.

(c) **Percentage.** – The percentage of the credit allowed under this section is as follows:

- (1) Higher education collaboration. – Twenty percent (20%) for allowable expenses paid to a participating community college or a research university.
- (2) Other. – Fifteen percent (15%) for allowable expenses not covered in subdivision (1) of this subsection.

(d) **Limitations.** – The amount of credit allowed a taxpayer under this section may not exceed seven million five hundred thousand dollars (\$7,500,000). The credit allowed by this section does not apply to interactive digital media that meets any of the following descriptions:

- (1) It is developed by the taxpayer for internal use.
- (2) It is an interpersonal communications service, such as videoconferencing, wireless telecommunications, a text-based channel, or a chat room.
- (3) It is an Internet site that is primarily static and primarily designed to provide information about one or more persons, businesses, companies, or firms.
- (4) It is a gambling or casino game.
- (5) It is political advertising.
- (6) It contains material that is obscene, as defined in G.S. 14-190.1, or that is harmful to minors, as defined in G.S. 14-190.13.

(e) **No Double Benefit.** – A taxpayer that claims a credit under this section may not claim any of the following with respect to the expenses used to determine the credit under this section:

- (1) A credit allowed under any other section of this Chapter.
- (2) A grant from the Job Development Investment Grant Program, set out in Part 2G of Article 10 of Chapter 143B of the General Statutes.
- (3) A grant from the One North Carolina Fund, set out in Part 2H of Article 10 of Chapter 143B of the General Statutes. (2010-147, s. 3.6; 2013-316, s. 2.3(b).)